

DATE: January 22, 2025

BILL NO.: Senate Bill 192

TITLE: Property Tax – Tax Sales - Revisions

COMMITTEE: Senate Budget and Taxation Committee

Letter of Support

Description of Bill:

Senate Bill 192 extends a number of Baltimore City protections for homeowners facing tax sale statewide, including:

- Allowing a tax collector to withhold from sale any residential property with less than \$750 total taxes owed;
- Requiring tax collectors to withhold from sale any owner-occupied residential property with less than \$1000 total taxes owed, or that only owes water and sewer charges;
- Prohibiting jurisdictions from selling liens consisting solely of a water and sewer bill of less than \$350 or is less than 3 quarters in arrears;
- Excluding taxes accrued post-sale on owner-occupied property from the required redemption payment;
- Extending the time period before a purchaser of a tax lien can foreclose on owner-occupied residential property from 6 to 9 months;
- Allowing local jurisdictions to sell abandoned or vacant properties for less than the taxes owed and, unless the purchaser forecloses within 3 months, to foreclose on the property or resell the certificate of sale; and
- Enables local jurisdictions to withhold from sale any property designated for “redevelopment purposes” based on objective criteria.

The bill also limits the redemption interest rate for owner-occupied residential properties to 10% and expands the definition of “homeowner” to allow heirs of deceased property owners to receive assistance through the Homeowners’ Protection Program to avoid tax sale while working to obtain clear title.

Background and Analysis:

The modifications to tax sale procedures in Senate Bill 192 are aimed at protecting residential property owners at risk of losing their homes to tax sale foreclosure. Owner-occupied residential properties represent only a small fraction of all properties that go to tax sale, but their owners are disproportionately Black, are often elderly and/or disabled, and live on low and/or fixed incomes. Under current Maryland law, the cost to redeem a property that has gone to tax sale can easily rise into the thousands of dollars. Extending the amount of time before a foreclosure action can be filed, capping interest rates (which in some jurisdictions are currently as high as 20%), and freezing the amount owed at the time of tax sale, will help protect some of Maryland’s most vulnerable homeowners and prevent their displacement. Extending these protections to homeowners across the state ensures that low-income, minority populations are better protected from predatory speculators and are better able to repay the tax debt that they owe and remain in their homes. Allowing heirs of deceased homeowners to participate in the Homeowners’ Protection Program will also help prevent families’ primary asset from being lost to tax sale because of lack of clear title. We recognize that property taxes are an important source of revenue for local governments, and this legislation does not target that revenue stream. It offers additional protection for vulnerable homeowners without a significant impact to those governments.

DHCD Position

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on SB 192.